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## Morocco

## Oilseeds and Products

## Annual

## 2005

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**Report Highlights:**

Upon entry into force, the US-Morocco FTA is expected to positively impact on soybean meal imports and in the medium term imports of soybeans as well when meal use takes off in response to lower prices in the local market.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Rabat [MO1]  
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## Executive Summary

### Soybeans

Morocco oilseeds production remains marginal and consists largely of sunflowerseed. Last year production was estimated at about 50,000 MT of which only 35,000 MT was effectively delivered to the crushers. The remaining 15,000 MT is believed to be used mostly for direct food consumption (snack food).

Production of soybeans and rapeseed are virtually nil and unlikely to grow in the future because of high cost and the lack of incentives to farmers. Unlike for soybean and rapeseed, there is a minimum support price for sunflowerseed of 4,000 dh/MT paid to farmers by the Government oilseed marketing company COMAPRA. The crushers buy the local sunflowerseed from COMAPRA at 4,400 dh/MT (support price plus a 400 dh/MT to cover COMAPRA's expenses (Exchange rate \$1=8.5 dirhams (dh))).

There are currently two crushers in Morocco: Lesieur in Casablanca and the recently opened Belhassan's Group crusher (GBH) in Meknes (January 2003). Lesieur has an estimated crushing capacity of 1,200 MT/day while the crusher in Meknes has currently a capacity of 1,000 MT/day.

The opening of the GBH crushing plant in Meknes impacted the market significantly as Lesieur lost its monopoly on the oilseed crushing business and has been forced to compete on quality and price. The upcoming FTA with the USA will mean more pressure on both crushers as the duties on oilseeds imported by non-crushers and meals are scheduled to be phased out on the medium term (see FTA section). Both crushers will have to supply quality products that compete with imports.

Although the demand for soybeans is expected to be driven primarily by the demand for soybean meal generated mostly by the poultry sector, the anticipated decrease in duties for soybeans will likely encourage some feed manufacturers (and may be eventually the crushers as well) to import beans and produce fullfat soya to increase the energy level of the poultry rations.

Meanwhile, the demand for soybeans will continue to grow at a fast pace because:

- 1) There is still a lot of room for growth in poultry and poultry products consumption, especially if the cost of production is reduced.
- 2) There is ongoing rapid development of turkey consumption in Morocco.
- 3) The use of soybean meal by ruminant farmers (cattle and sheep) is still very small compared to its potential.
- 4) Fishmeal supply in Morocco is inconsistent and its prices have been relatively high in recent years.

### Import of Soybeans

Morocco will continue to rely heavily on soybean imports to satisfy local demand for soybean meal and by the same token fulfill part of local demand for vegetable oil. Last year, the cheaper sunflowerseed and sunflower meal from Eastern European countries resulted in lower imports of soybeans. The relatively high fiber content of sunflowerseed meal prevent it from entering the poultry ration in a significant proportion and forces the poultry producer to rely on soybean meal. Imports of sunflowerseed increased from less than 1,000 MT in 2002/03 to over 60,000 MT in 2003/04, slowing the growth in soybean imports.

The two crushers continue to buy soybeans on a C&F basis, in full boatloads (20-30,000 MT) after consulting with local representatives of international trading companies. Both crushers have minimum specification (US#2) with particular emphasis on protein (minimum 35.5 percent) and humidity (max 12 percent). The two crushers strive to capture market size by guaranteeing minimum 44 percent protein to their customers and in fact, practically, they are supplying 46 percent protein to make sure they meet the minimum protein requirement. Both crushers recognize the ability of the United States to supply, consistent quality soybeans compared to their competitors, and both tend to exclude Argentina and Canada as a source for soybeans because of inconsistent quality and low protein level in the soybeans, but they view Paraguay as a new player in this market.

### **Soybean under Morocco-U.S. FTA**

Under the current tariff structure, crushers are the only potential importers of soybeans in Morocco. Imported soybeans are subject to 2.5 percent if directly imported by the crushers. Others are subject to 22.5 percent duty plus, if the price is less than the GOM threshold price of 2900 dh/MT, an additional duty of 100 percent duty levied against the difference between the threshold price and the actual customs value (C&F and port charges). Currently, the resulting high actual duties on soybeans continue to limit the prospects for import of soybeans directly by the feed manufacturers to produce full-fat soybeans.

Upon implementation of the agreement, duties on U.S. soybeans imported by the crushers will be phased out. Duties on U.S. soybeans that are not imported by the crusher will go down 50 percent the first year and will be completely phased out by equal annual installments over a 5-year period. The overall demand for soybeans should not change significantly because of the preferential access granted to U.S. beans but there will be new opportunity for non-crushers (feed manufacturers for example) to imports soybeans directly and start using full fat soybeans. In the long run, increasing energy content of rations should increase productivity, cut costs, generate some downward pressure on final consumer prices, increase poultry consumption, and thus demand for soybeans.

Historically, imports of soybeans tend to occur primarily from Latin America (Brazil, Paraguay) during March-October period and from the United States during the September-March period. The scheduled decrease of customs duties on soybean meal under the Morocco-USA FTA is likely to put pressure on the local crushers to require higher, more consistent quality beans to compete with potential imports of soybean meal. This should help the United States to extend the period during which its soybeans are more competitive in Morocco compared to the South American origin.

### **The Feed Industry**

There are 40 identified feed mills in Morocco with an estimated total capacity of 4.0 MMT. According to the Feed Manufacturer's Association (AFAC), total mixed feed production in 2004, at 1.6 MMT, was virtually unchanged from the year before. Sources indicate that some 400,000 MT were produced on farms. Currently, virtually all the mixed feed production (over 95 percent) is devoted to poultry. The ruminant mixed feed market is still virtually untapped in spite of the existence of a relatively large number of small market oriented dairy farms and feedlots and the recent development of fairly large intensive modern farms such as COPAG.

More recently, turkey production has boomed and is still increasing dramatically each year boosting the demand for higher protein meals and strengthens the chances for higher demand for soybean meal in the near future.

## Soybean Meal

With the opening of the second soybean crusher in Morocco, the supply of soybean meal has improved significantly. Both crushers have been competing to capture market share and have significantly invested to provide consistent quality soybean meal to the end-users. In the past, importers complained constantly about the quality and after decided to import (in spite of the high duties on soybean meal) to ensure regular quality. Today, it is not uncommon for the crushers to offer a 46 percent protein meal to customers who request a minimum of 44 percent protein meal. Use of 48 percent protein meal is still very limited but the crushers can, and do produce it, if it can prevent the end-users from resorting to imports.

The demand for soybean meal is expected to continue to be fulfilled mostly by imports of soybeans that are crushed locally. Imports of soybean meal by the industrial mills, if they occur, are likely to be for 48 percent protein since both the 44 percent and the 48 percent protein meals are subject to the same import duty (25 percent).

### Soybean Meal under U.S. Morocco FTA

The FTA has provision to reduce the import duties on U.S. soybean meal (currently at 25 percent) by half upon entry into force of the agreement and eliminate them completely over a five-year period. This measure should have a major impact in reducing the overall price of soybean meal in the local market and stimulate demand because local crushers will be forced to, at least, match comparable quality and price of soybean meal offered by the US. This measure is also likely to result in higher demand for U.S. beans because of their consistent quality.

On the medium term, the demand for soybean meal is expected to boom when soybean meal is competitive enough to appeal to sheep and cattle farmers. There is a consensus among the industry that most of the increase in demand will come from the virtually untapped ruminant feed market in Morocco.

There has been recently a stiff competition from some East European countries (Ukraine) for sunflower meal that, at least partially, substituted to soybean meal. Under the FTA, as the duties for soybean meal decrease, it will be harder and harder for protein meals to be imported from these countries unless the price differential with the U.S. origin is very large.

## Vegetable Oil

Soybean oil accounts today for most of the consumption of vegetable oil in Morocco. Palm oil has gained significant market share in the smaller segment of vegetable oil used by processors (margarine, biscuits, etc.) which is estimated at some (35,000-40,000 MT). Rapeseed oil, at the current world price level, is unlikely to recapture any significant market share in Morocco. Local production of olive oil continues to fluctuate heavily from year to year and unless the crop is exceptionally good, it should not impact heavily on total consumption of vegetable oil.

The liberalization of the marketing of vegetable oil on November 2000 resulted in a stiff competition between refineries that invested heavily to improve their packaging and diversify

their supply to capture new market shares and segments. The relatively wide range of brands and types of oil available today in Morocco reflects the strong competition among refineries to lead and capture various market segments. With the exception of some sunflower oil (estimated at 5-8 percent of the market) sold as "Sunflower Oil", most of the vegetable oil has been marketed in the past in Morocco as "Table Oil". The stricter labeling legislation and the stronger competition forces the refineries to differentiate their products by promoting the type of oil being sold. Soybean oil is expected to remain the major type marketed in Morocco because of its price but new types of oils have been introduced by some refineries and promoted by their type such as "Corn Oil" and more marginally "Rapeseed Oil". Morocco imported in MY 2003 some 3,500 MT of corn oil that has been sold as "Corn oil" or as a mix with other vegetable oils (soybean oil).

The largest refinery in Morocco exports some refined vegetable oil to neighboring African countries. Exports of vegetable oils are expected to continue but at a low pace. Exports of olive oil are more regular and could peak in some years (over 29,000 MT in MY 2003) when local production is exceptional.

Imports are typically carried out by local representatives of international trading houses upon request of the refineries. Morocco imports mostly crude, degummed vegetable oil. While most of the imports are made on C&F basis, the refineries indicated their intention to start buying on an FOB basis and then contract for the freight to cut down on their purchasing costs.

#### **Vegetable Oil and U.S. -Morocco FTA**

The FTA has provision to phase out the customs duty for U.S. crude vegetable oil (currently at 2.5 percent ad valorem). Duties on refined crude oils (currently at 25 percent ad valorem) (Including soybean oil) will be reduced over a 10-year period. In the short and medium term, no significant impact on the pattern of trade is expected from this FTA for vegetable oil.

## PSD Table

Country	Morocco						
Commodity	Oilseed, Soybean						
	(1000 HA)			(1000 MT)			
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official	Estimate [DA	Official	Estimate [DA	Official	Estimate [New]	
Market Year Begin	10/2003		10/2004		10/2005		MM/YYYY
Area Planted	1	1	1	0	0	0	(1000 HA)
Area Harvested	1	1	1	0	0	0	(1000 HA)
Beginning Stocks	30	20	25	20	15	20	(1000 MT)
Production	1	0	1	0	0	0	(1000 MT)
MY Imports	350	438	375	500	0	550	(1000 MT)
MY Imp. from U.S.	175	124	275	200	0	200	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	381	458	401	520	15	570	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	356	438	386	500	0	550	(1000 MT)
Food Use Dom. Consump	0	0	0	0	0	0	(1000 MT)
Feed,Seed,Waste Dm.Cr	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumptio	356	438	386	500	0	550	(1000 MT)
Ending Stocks	25	20	15	20	0	20	(1000 MT)
TOTAL DISTRIBUTION	381	458	401	520	0	570	(1000 MT)
Calendar Year Imports	0	400	0	450	0	550	(1000 MT)
Calendar Yr Imp. U.S.	0	120	0	100	0	200	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

## Import Trade Matrix

Country		Morocco	
Commodity		Oilseed, Soybean	
Time Period	MY Oct-Se	Units:	MT
Imports for:	2002		2003
U.S.	250953	U.S.	124092
Others		Others	
Brazil	113419	Brazil	152946
Paraguay	46866	Paraguay	160798
Total for Others	160285		313744
Others not Listed			
Grand Total	411238		437836

# PSD Table

Country Commodity	Morocco Oilseed, Rapeseed						UOM
	(1000 HA)			(1000 MT)			
	2003	Revised	2004	Estimate	2005	Forecast	
	USDA Official [	Estimate [	IA Official [	Estimate [	IA Official [	Estimate [New]	
Market Year Begin	10/2003		10/2004		10/2005	MM/YYYY	
Area Planted	1	0	1	0	0	0 (1000 HA)	
Area Harvested	1	0	1	0	0	0 (1000 HA)	
Beginning Stocks	0	0	0	0	0	0 (1000 MT)	
Production	1	0	1	0	0	0 (1000 MT)	
MY Imports	0	0	0	0	0	0 (1000 MT)	
MY Imp. from U.S.	0	0	0	0	0	0 (1000 MT)	
MY Imp. from the EC	0	0	0	0	0	0 (1000 MT)	
TOTAL SUPPLY	1	0	1	0	0	0 (1000 MT)	
MY Exports	0	0	0	0	0	0 (1000 MT)	
MY Exp. to the EC	0	0	0	0	0	0 (1000 MT)	
Crush Dom. Consumptior	0	0	0	0	0	0 (1000 MT)	
Food Use Dom. Consumt	0	0	0	0	0	0 (1000 MT)	
Feed,Seed,Waste Dm.Cr	1	0	1	0	0	0 (1000 MT)	
TOTAL Dom. Consumptic	1	0	1	0	0	0 (1000 MT)	
Ending Stocks	0	0	0	0	0	0 (1000 MT)	
TOTAL DISTRIBUTION	1	0	1	0	0	0 (1000 MT)	
Calendar Year Imports	0	3	0	3	0	3 (1000 MT)	
Calendar Yr Imp. U.S.	0	0	0	0	0	0 (1000 MT)	
Calendar Year Exports	0	0	0	0	0	0 (1000 MT)	
Calndr Yr Exp. to U.S.	0	0	0	0	0	0 (1000 MT)	



## PSD Table

**Country**
**Morocco**
**Commodity**
**Meal, Soybean**

(1000 MT)(PERCENT)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	A Official [	Estimate [	A Official [	Estimate [New]	
<b>Market Year Begin</b>	<b>10/2003</b>		<b>10/2004</b>		<b>10/2005</b>	<b>MM/YYYY</b>	
Crush	356	438	386	500	0	550	(1000 MT)
Extr. Rate, 999.9999	0.780899	0.780822	0.795337	0.78	0	0.781818	(PERCENT)
Beginning Stocks	10	2	15	2	15	2	(1000 MT)
Production	278	342	307	390	0	430	(1000 MT)
MY Imports	135	27	42	30	0	50	(1000 MT)
MY Imp. from U.S.	22	0	21	30	0	50	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	423	371	364	422	15	482	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consum	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consum	408	369	349	420	0	480	(1000 MT)
TOTAL Dom. Consumptic	408	369	349	420	0	480	(1000 MT)
Ending Stocks	15	2	15	2	0	2	(1000 MT)
TOTAL DISTRIBUTION	423	371	364	422	0	482	(1000 MT)
Calendar Year Imports	100	22	0	40	0	50	(1000 MT)
Calendar Yr Imp. U.S.	75	0	0	40	0	50	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

## Import Trade Matrix

**Country** Morocco

**Commodity** Meal, Soybean

Time Period	MY Oct-Sep	Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Brazil	6973	Brazil	22122
		Argentina	4967
Total for Others	6973		27089
Others not Listed			
Grand Total	6973		27089

# PSD Table

Country	Morocco						
Commodity	Meal, Rapeseed						(1000 MT)(PERCENT)
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [I	A Official [	Estimate [I	A Official [	Estimate [New]	
Market Year Begin	01/2003			01/2003		01/2003	MM/YYYY
Crush	0	0	0	0	0	0	0 (1000 MT)
Extr. Rate, 999.9999	0	0	0	0	0	0	0 (PERCENT)
Beginning Stocks	0	0	0	0	0	0	0 (1000 MT)
Production	0	0	0	0	0	0	0 (1000 MT)
MY Imports	0	0	0	0	0	0	0 (1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0 (1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	0 (1000 MT)
TOTAL SUPPLY	0	0	0	0	0	0	0 (1000 MT)
MY Exports	0	0	0	0	0	0	0 (1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	0 (1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	0 (1000 MT)
Food Use Dom. Consum	0	0	0	0	0	0	0 (1000 MT)
Feed Waste Dom. Consu	0	0	0	0	0	0	0 (1000 MT)
TOTAL Dom. Consumptic	0	0	0	0	0	0	0 (1000 MT)
Ending Stocks	0	0	0	0	0	0	0 (1000 MT)
TOTAL DISTRIBUTION	0	0	0	0	0	0	0 (1000 MT)
Calendar Year Imports	0	0	0	0	0	0	0 (1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	0 (1000 MT)
Calendar Year Exports	0	0	0	0	0	0	0 (1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	0 (1000 MT)

## PSD Table

**Country**
**Morocco**
**Commodity**
**Oil, Soybean**

(1000 MT)(PERCENT)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	IA Official [	Estimate [	IA Official [	Estimate [New]	
<b>Market Year Begin</b>	<b>10/2003</b>		<b>10/2004</b>		<b>10/2005</b>	<b>MM/YYYY</b>	
Crush	356	438	386	500	0	550	(1000 MT)
Extr. Rate, 999.9999	0.1601	0.1598	0.1632	0.1600	-	0.1636	(PERCENT)
Beginning Stocks	55	8	20	8	25	8	(1000 MT)
Production	57	70	63	80	0	90	(1000 MT)
MY Imports	335	330	335	330	0	330	(1000 MT)
MY Imp. from U.S.	16	0	255	50	0	50	(1000 MT)
MY Imp. from the EC	30	72	30	30	0	30	(1000 MT)
TOTAL SUPPLY	447	408	418	418	25	428	(1000 MT)
MY Exports	0	0	1	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consum	427	400	392	410	0	420	(1000 MT)
Feed Waste Dom. Consum	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	427	400	392	410	0	420	(1000 MT)
Ending Stocks	20	8	25	8	0	8	(1000 MT)
TOTAL DISTRIBUTION	447	408	418	418	0	428	(1000 MT)
Calendar Year Imports	300	330	335	330	0	330	(1000 MT)
Calendar Yr Imp. U.S.	50	12	50	25	0	25	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

## Import Trade Matrix

**Country**
**Morocco**
**Commodity**
**Oil, Soybean**

Time Period	MY Oct-Sep	Units:	MT
Imports for:	2002		2003
U.S.	24199	U.S.	0
Others		Others	
Argentina	237064	Argentina	156566
Brazil	43269	Brazil	83515
Belgium	33099	Germany	31333
Portugal	8796	Spain	21985
France	6300	Netherlands	10047
Germany	5982	Portugal	4300
Spain	4200	Belgium	5100
Netherlands	3260	Undertermined	17200
Total for Others	341970		330046
Others not Listed			
Grand Total	366169		330046

## PSD Table

**Country**
**Morocco**
**Commodity**
**Oil, Rapeseed**

(1000 MT)(PERCENT)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [I]	A Official [	Estimate [I]	A Official [	Estimate [New]	
Market Year Begin	10/2003		10/2004		10/2005	MM/YYYY	
Crush	0	0	0	0	0	0	(1000 MT)
Extr. Rate, 999.9999	0	0	0	0	0	0	(PERCENT)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	5	3	5	3	0	3	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	5	3	5	3	0	3	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consum	5	3	5	3	0	3	(1000 MT)
Feed Waste Dom. Consu	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumptic	5	3	5	3	0	3	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	5	3	5	3	0	3	(1000 MT)
Calendar Year Imports	0	3	0	3	0	3	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

## Import Trade Matrix

**Country**
**Morocco**
**Commodity**
**Oil, Rapeseed**

Time Period	MY Oct-Se	Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
	0	France	3000
Total for Others	0		3000
Others not Listed			0
Grand Total	0		3000